

REMARKS

Applicant amended the claims to more clearly delineate performing steps of the method with a computer. These amendments are supported by the specification as originally filed. The specification clearly stipulates a computer system is necessary to manage the patent portfolios and investment accounts (see, e.g. p. 8, lns. 29-33) and the use of multiple valuation algorithms into which data is entered to determine the value of a patent (see p. 7, lns 13-33; see also Figures A-C), and therefore the amendments are supported by the initial disclosure. Applicant is grateful to the Examiner for pointing out the failure to clearly specify in these claims that a computer system is used in performing portions of the disclosed method.

Rejections Under 35 U.S.C. §101

The examiner has rejected claims 2 and 3 under 35 U.S.C. §101 as being directed to non-statutory subject matter, an abstract idea. For clarification, claims 1-3 have been amended to clarify that the claimed invention is a process for facilitating a business transaction, including pre-computer processing activities, a series of steps performed by a computer, and post-computer processing activities. Applicant believes these amendments fully address the examiner's rejections under §101, and that all the claims now meet the requirements of 35 U.S.C. §101, and *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

Rejections Under 35 U.S.C. § 103(a)

The examiner has rejected claims 1-3 under 35 U.S.C. §103(a) as being unpatentable over the website www.howstuffworks.com, in view of Intellectual Property Technology Exchange (IPTEX), and further in view of R. Mansini, Selection of Lease Contracts in an Asset-Back Securitization. Applicant respectfully traverses this rejection and believes the amended claims of the present invention are clearly distinguishable from and patentable over the cited references, as explained below.

Howstuffworks provides an explanation venture capital investment. While it discloses gathering money from individuals and pooling it to invest in new businesses, it does not disclose all aspects of the present invention, such as a computerized method of assessing the value of the businesses. The lack of an accurate valuation method for new businesses resulted in the large losses many venture capital investors experienced in recent years. Because the potential businesses were not accurately valued, investors contributed more capital than appropriate in exchange for the stock they received. The present invention discloses and describes computerized methods of assessing the value of intellectual properties and assigning an appropriate purchase price to the intellectual properties in addition to using pooled funds to purchase the intellectual property. The present invention also typically anticipates the purchase of the intellectual property rights only for an amount equal to or less than the valuation, but not more than the valuation amount (see p. 8, lns. 1-9). If the valuation does not indicate a value for an intellectual property, or the assessed value is less than the current owner of the intellectual property rights is willing to accept in exchange for title to the rights, the investment typically will not take place. Further, in the process described in Howstuffworks, the venture capitalists typically do not obtain title to any specific identifiable tangible or intangible property in exchange for their investment, but only receive stock. In the present invention, it is anticipated that the title to the intellectual property is obtained in exchange for money, and the purchase of the intellectual property rights is only executed after the valuation has been performed, if at all.

Similarly, while IPTEX discloses a method of identifying the initial ownership of an invention that might be patentable, it neither discloses nor suggests a valuation method for the patents or inventions, nor the creation of a pool of funds which is tracked by computer and associated with specific patents and investors. IPTEX has created a database that accepts data about new technologies, most likely those which have not yet been patented, and provides that data to individual marketers and investors who have specified an interest in certain fields of technology, either for their own use and development or to fund new technologies in that field. The present invention neither makes nor suggests an exchange of information between an inventor without an issued patent and a potential investor in that specific invention, but instead

enables an intermediary to perform a computer-assisted assessment of the worth of an already existing patent. If the patent is deemed to have a sufficient value, the intermediary uses moneys contributed by a pool of investors to acquire title to that patent from the owner, and specifies the rights of each investor in the pool to that intellectual property in the computer database. Subsequently, the intermediary uses the computer database to disperse profits arising out of the licensing of such patents to the investors in the pool in an amount related to at least the money contributed by that investor. This process is neither suggested nor implied by IPTEX, or by IPTEX in combination with Howstuffworks. While Howstuffworks discloses pooling funds to invest in potential businesses in exchange for stock in that business, and IPTEX suggests providing information about potential inventions to individual potential investors, neither disclosure, along or in combination, suggests or implies assigning a value to an existing patent, acquiring title to that patent in exchange for an amount less than or equal to the assessed value. Nor does either disclosure, alone or in combination, suggest or imply licensing the patented technology to which title has been acquired by a third party, collecting fees from the licensee, and allocating the fees among the pool of investors according to a predetermined formula based on at least the investor's initial invention.

Similarly, while Mansini discloses an investor investing money in an asset-backed security, the assets disclosed in Mansini are leases, typically a form of real estate investment. As described in the Background section of the present application, the real estate market is such that an accurate valuation of real property can be readily determined based on known information about similar properties (see p. 1, lns. 18-24). It is further specified in the Background section of the present application that it is known for leases or sale/lease-back agreements to be packaged and sold to third parties (see p. 1, lns. 28-33). The present application says that this known securitization process was not applied to intellectual properties because the intangible nature of intellectual properties prevented securitization (see p. 2, lns. 29-30), and goes on to say that the present invention overcomes that problem by providing a means to determine the value of intellectual property and securitize it appropriately (see p. 3, lns. 29-32). Even if the method of Mansini was applied to leases of non-real estate products, it would not suggest or disclose the invention of the present application. While Mansini discloses the use of a computer program for

selecting assets to be packaged for sale, the purpose of the program is to select a package that is convenient for the seller to sell to the buyer. The valuation and securitization of the lease assets has already been accomplished based on the known methods of valuation *prior* to use of the computer program disclosed in Mansini. Nothing in Mansini discloses or suggests a method to assess the value intellectual properties so that they can be pooled and/or acquired with pooled funds.

Nor does Mansini, in combination with Howstuffworks and/or IPTEX disclose or suggest a method of assessing the value of intellectual properties, the limiting factor that has discouraged investment in a pool of intellectual properties in the past. Although investing and pooling of assets to acquire a range of investments and reduce the risk of investing as disclosed in Howstuffworks was known, the need for the ability to assess the potential income production of a patent prevented investing in intellectual properties, in pools or as individual investors. Further, Howstuffworks describes the venture capital market, wherein the investor receives stock in return for the investment, rather than a predetermined portion of any income from licensing of intellectual property, such as a patent. While IPTEX provides a method for venture capitalists to review potential inventions in specific areas of technology, it provides no method for the venture capitalist to assess the value of a potential invention. Mansini describes a program developed to assist a seller of securitized real estate assets in determining the portion of the collection of leases held by the seller is most convenient for the seller to deliver to a purchaser, but provides no method for assessing the value of a property, but only how a seller can package real properties for sale that have already been valued. Applicant respectfully suggests that a method of assessing the value of intangible intellectual properties as disclosed in the present invention would not have been obvious to one of general skill in the art in light of IPTEX, Mansini and Howstuffworks.

In light of the amendments, and the factors discussed above, it is respectfully requested that the rejection of Claims 1-3, under 35 U.S.C. §103(a) as being unpatentable over Howstuffworks in view of IPTEX and Mansini be reconsidered and withdrawn, as the claims are distinguishable from and are patentable over the cited references.

Applicant has considered the other prior art cited by Examiner, and believes that the invention of the present invention is distinguishable over the art, as explained below.

Technology Access' website www.techaccess.com discloses print/online static publications and consulting services provided by the company Technology Access. The publications provide information about intellectual properties for researchers, and information about technologies available for licensing, similar to that provided by IPTEX electronically. The consulting services are also similar to what is provided electronically by IPTEX, including information for investors on new products available, and information for technology developers about potential sources of funding. Nothing in this document discloses or suggests use of computer algorithms to assess the value of available technologies, acquiring the technology based upon the computer assessment, licensing the technology, and returning a proportionate share of the licensing fees to the accounts of investors whose money was used to acquire the technology, as disclosed and claimed in the present patent application.

The article "Are Patents Next for the Online Auction Block" and the press release "PLX Announces Plans to Revolutionize \$3.5 Billion Patent Industry" both describe the Patent License and Exchange patent auction market (PLX). PLX, like the disclosure in IPTEX, provides information about new technologies available for licensing to corporations and investors who have specified an interest in certain fields of technology. PLX, like the system in IPTEX, requires a substantial up-front membership fee for persons to be able to participate in their system. Further, the PLX system, while acting as an intermediary between seller and buyer, does not assume the role of pooling the investment monies and intellectual properties and distributing royalties to the investors as in the present invention. Rather, the system disclosed in PLX serves as an auctioneer of properties put up by sellers, enabling the investors to purchase the title to the intellectual property from the sellers, rather than PLX being the purchaser of the properties, pooling them, and holding them in trust for the investors, who may also be part of a pool.

These articles disclose and discuss the same problem identified by the present patent application, the need for a method of assessing the value of a patent. The article "Are Patents

Next for the Online Auction Block” references the valuation system used by PLX to assess intellectual properties, which is described in greater detail in the article “Managing the Financial Uncertainties of Technology Transfer.”¹ The article discloses a valuation method that uses existing risk/reward formulas from standard accounting and appraisal processes to facilitate the transfer of intellectual property from one party to another. There is no disclosure of a pooling system for investing in one or more intellectual properties.

“What are Mortgage Securities” and “What Types are Available,” both from www.investingbonds.com, disclose and describe mortgage securities, which are pooled mortgages sold to investors. The valuation and securitization of the real property underlying the mortgage has already been accomplished based on the known methods of valuation for real estate, and the mortgages have collateral in the underlying real property as a security. These documents disclose the known market that is described in the Background of the present invention – the situation where a loan is secured with interest in the underlying real property, the value of which can be ascertained easily (see p. 1, lns 17-24). Nothing in these documents discloses or suggests a method to assess the value of intellectual properties, as opposed to real properties, as disclosed and claimed in the present patent application.

U.S. Patent 5,680,305 to Apgar IV discloses the use of a computerized system for evaluating real estate. The assessment conducted includes information about the size and type of property and the rental price of that real estate, and assigning a score to the specific piece of real estate. Although Apgar analyzes information about the real estate stored in a computer database to assess the score for a particular piece of real estate, it specifically discloses using the standard readily available information to assess a piece of real property. What is disclosed in Apgar IV is a computerization of the standard known method of valuation and securitization of real property. Nothing in this patent discloses, suggests, or claims a method to assess the value of intangible intellectual properties for which the factors are subjective and variable, as opposed to real

¹ Nir Kossovsky, an author of the article “Managing the Financial Uncertainties of Technology Transfer” is the founder and CEO of PLX.

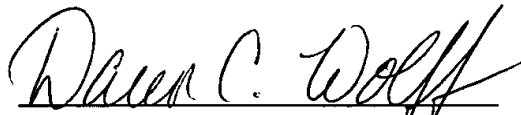
properties, where data about the real property is known and readily available, such as is found in the present application. Nor does Apgar IV suggest or disclose making valuated and securitized properties available for acquisition by investors. Apgar IV is intended for use by a business entity to collect and retain data about real estate it owns or has rights to.

U.S. Patent 5,950,175 to Austin discloses the use of a computerized system for managing real estate investment pools. The pool is comprised of a number of pieces of real estate, on which the owner has agreed to exchange the projected appreciation of the house for a current fixed income amount. The computerized system is used to assemble pools of properties, and in some cases pools of investors for specific pools of property so as to reduce the risk to the investor. While a portion of the present invention utilizes a computerized system to perform similar tasks, the method of assessing the underlying property varies. Austin utilizes information about the property to estimate the projected increase in value, specifically using known information about the real estate. This determination of the potential value of real estate is based in the standard known method of valuation and securitization of real property. Nothing in Austin discloses or suggests use of property other than real property, for which there is a known, standard valuation method, as a basis for the pools. The invention of the present application incorporates a computerized method to assess the present or projected value of intangible intellectual properties for which the factors are subjective and variable, as opposed to real properties, where data about the real property is known and readily available, such as is found in the present application.

Applicant has now made an earnest attempt to place this application in condition for allowance. Therefore, Applicant respectfully requests, based on the amendments made, and for the reasons set forth herein, full allowance of Claims 1-3 so that the application may be passed to issue.

Applicant believes that no fee for the subject document is required. However, the Commissioner is hereby authorized to charge any fee or credit any overpayment with regard to the filing of the subject Response to Restriction/Election Requirement to Deposit Account #50-2180 in the name of Paul Storm, P.C.

Respectfully submitted,



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January 29, 2003

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**EXHIBIT A**

The following is a marked-up version of claims according to the above amendments:

1. (Amended) A data processing method of allocating payments to each respective one of a plurality of investor accounts comprising:

- (a) defining a plurality of investor accounts in at least one database,
- (b) obtaining an initial monetary amount from each of a plurality of investors,
- (c) associating said initial amount from each of said plurality of investors with a respective one of said plurality of investor accounts in the at least one database,
- (d) identifying the initial ownership of a patent in the at least one database,
- (e) paying [an] a monetary amount to said initial ownership of said patent upon the transfer of title to said patent to a subsequent owner,
- (f) obtaining at least one payment from said initial ownership of said patent, and
- (g) allocating said at least one payment from said initial ownership to such respective one of said plurality of investor accounts in the at least one database.

2. (Amended) A data processing method of allocating revenue to each respective one of a plurality of investor accounts comprising:

- (a) identify a patent covering an invention in use by at least an initial user,
- (b) identifying the initial ownership of the patent,
- (c) using at least one algorithm for assessing the value of the patent based, at least in part, on the anticipated future use of the patent by the initial user and entering the assessed value of the patent in at least one database,
- (d) using at least one algorithm for determining a cash flow stream containing at least one payment related to the assessed value of the patent,
- (e) paying in at least one payment an amount related to the assessed value of the patent in the database in exchange for transfer of the title to said patent to a subsequent owner,

- (f) obtaining the amount paid for transfer of title from a plurality of investor accounts,
- (g) associating with each respective one of said plurality of investor accounts in the at least one database the proportion of the amount paid to the initial owner that came from each respective one of said plurality of investor accounts,
- (h) granting a license to said initial user for the use of said patent from said subsequent owner in exchange for an agreement by said initial user to make at least one payment at a specified time after the payment is made to transfer title,
- (i) collecting at least one payment from said initial user within a specified time after said payment to transfer title, said payment being entered into the at least one database, and
- (j) using at least one algorithm for allocating to each respective one of said plurality of investor accounts in the at least one database a portion of said at least one payment from said initial user representing the proportion of the payment to transfer title associated with each respective one of said plurality of investor accounts.

3. (Amended) A data processing method of allocating revenue to the accounts of each respective one of a plurality of accounts comprising:

- (a) identifying a patent,
- (b) identifying the original ownership of the patent,
- (c) using at least one algorithm for assessing the value of the patent and entering the assessed value of the patent in at least one database,
- (d) using at least one algorithm for determining a future cash flow stream related to the assessed value of the patent before the time the title to the patent is acquired from the original ownership,
- (e) obtaining title to the patent in exchange for paying not more than the assessed value of the patent to the original ownership,
- <e1> allocating said payment to the original ownership to a plurality of investor accounts in the at least one database,

- <e2> associating with each account in the at least one database the percentage payment for each respective one of the investor accounts,
- (f) granting a license to the original ownership to use the patent in exchange for the ownership's agreement to pay the future cash flow stream related to the assessed value of the patent,
 - (g) collecting at least one payment from said original ownership from said future cash flow stream related to the assessed value of the patent, and
 - (h) allocating said at least one payment from said original ownership from said future cash flow stream related to the assessed value of the patent to each respective one of said investor accounts in the at least one database.